

**Washington, D.C.** - Today, the House of Representatives passed the Student Aid and Fiscal Responsibility Act, the largest investment in federal student aid programs in history. Reps. Bob Etheridge (D-NC-02) and David Price (D-NC-04) voted for the legislation and joined together to sponsor an amendment supporting the work of non-profit agencies that offer borrower services to students.

H.R. 3221 makes major reforms to the system of federal student loans, which has increasingly failed to meet the needs of students in today's economic environment. By switching to a system of direct lending, the bill is expected to save taxpayers \$87 billion. H.R. 3221 uses these savings to make historic investments in our education system to make college more accessible and affordable. It also devotes \$10 billion to reducing the federal deficit. The bill will make it easier for families to apply for financial aid, keep interest rates low on subsidized federal student loans, strengthen the Perkins loan program, and boost the maximum Pell Grant by over \$1,500 per year over the next decade.

"Now more than ever, Americans need affordable, quality educational opportunities to help make our economy strong and competitive, today and in the future," Rep. Price said. "These reforms will allow more students to graduate and ensure that those who do will have less debt."

During debate on the bill, the House adopted by voice vote an amendment – sponsored by Rep. Bob Etheridge and co-sponsored by Rep. David Price and other Members – which would allow the Department of Education to contract with agencies like the North Carolina State Education Assistance Authority (NCSEAA) and the College Foundation of North Carolina (CFNC) to provide loan delinquency and default prevention services.

Outreach efforts like those provided by the NCSEAA and CFNC inform borrowers of their education financing options before college, helping them to better understand their loans before college and better manage their debt afterward. Borrower service programs like these have proven very successful, helping avoid default on \$52 billion in loans in 2007 according to the National Council of Higher Education Loan Programs.

"This will expand federal access for students to pursue higher education," said Etheridge. "It also preserves access to valuable loan counseling services and other tools that have helped millions of North Carolina students. Higher education is still the key to the American Dream for

the next generation. This bill makes important investments to make that dream a reality for all Americans."

Other provisions of H.R. 3221 will:

- Invest \$3 billion to bolster college access and completion support programs for students, by increasing funding for the College Access Challenge Grant program and funding innovative programs at states and institutions that focus on increasing financial literacy and helping retain and graduate students.
- Invest \$2.55 billion in Historically Black Colleges and Universities and Minority-Serving Institutions to provide students with the support they need to stay in school and graduate.
- Build a 21st century workforce by encouraging historic partnerships between community colleges, states, businesses, job training and adult education programs. The bill will create a new competitive grant program for community colleges to improve instruction, work with local employers, improve their student support services, and implement other innovative reforms that will lead to a college degree, certificate or industry recognized credential to help fulfill local workforce needs.
- Ensure every child has access to a world-class learning environment by providing school districts with funds for school modernization, renovation, and repair projects that will create healthier, safer, and more energy-efficient teaching and learning climates.
- Increase the number of low-income children entering kindergarten prepared to succeed by reforming state standards and practices for early learning. The bill will invest \$10 billion over 10 years in competitive grants to challenge states to build a comprehensive, high quality early learning system for children birth to age 5.
- Reduce entitlement spending by \$10 billion.

The passage of the student aid bill builds on successful congressional efforts to secure the student loan system in the wake of the financial crisis. In 2008, Rep. Price worked to pass an emergency federal lending program. The Department of Education oversees the loan participation program, which is responsible for all of the \$800 million in student loans issued in North Carolina for the 2009-2010 school year. As a result of this program, the number of students in North Carolina securing federally backed college loans is expected to increase this year.

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